

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Big Prairie-Everett Cemetery	County Newaygo
Audit Date 3/31/05	Opinion Date 8/19/05	Date Accountant Report Submitted to State: 9/22/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☒ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name)

Hendon & Slate, P.C.

Street Address

711 West Main Street, PO Box 9

City

Fremont

State

MI

ZIP

49412

Accountant Signature

Jodi DeKuper, CPA

Date

9/22/05

**BIG PRAIRIE/EVERETT CEMETERY
NEWAYGO COUNTY, MICHIGAN**

**JOINT VENTURE
FINANCIAL REPORT**

MARCH 31, 2005

CONTENTS

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 4
BASIC FINANCIAL STATEMENTS:	
Governmental Wide Statement of Net Assets	5
Governmental Wide Statement of Activities	6
Governmental Fund Balance Sheet	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance	9
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to the Financial Statements	11- 15
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparisons for Major Funds:	
General Fund	16
Perpetual Care Fund	17



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



Big Prairie/Everett Cemetery Board
2815 S. Elm Ave.
PO Box 127
White Cloud, MI 49349

Dear Board Members:

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Big Prairie/Everett Cemetery, Newaygo County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the general purpose financial statements present only the Big Prairie/Everett Cemetery, a joint venture with Big Prairie and Everett Townships, and are not intended to present fairly the financial position of Big Prairie or Everett Township and the results of its operations and the cash flows in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Big Prairie/Everett Cemetery, as of March 31, 2005 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, Big Prairie/Everett Cemetery has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 16 through 17, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall
116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

www.hscompanies.com



The CPA. Never Underestimate The Value.®

in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hendon & Slate

Hendon & Slate, P.C.
Certified Public Accountants
August 19, 2005

BIG PRAIRIE/EVERETT CEMETERY MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Cemetery's operations in more detail than the government-wide financial statements.

The Cemetery as a Whole

The Cemetery's combined net assets increased 14% from a year ago - increasing from \$58,531 to \$66,714. This was the result lower costs than expected, especially due to the lack of purchases of capital assets and asset improvements which were included in the budget for the 2005 year. In a condensed format, the table below shows key financial information (in future years, when prior year information is available, a comparative analysis of government wide data will be presented):

	Governmental <u>Activities</u> <u>2005</u>
Current Assets	\$ 64,347
Noncurrent Assets	<u>3,312</u>
Total Assets	<u>\$ 67,659</u>
Long-Term Debt Outstanding	\$ -
Other Liabilities	<u>945</u>
Total Liabilities	<u>\$ 945</u>
Net Assets	
Invested in Capital Assets-Net of Debt	\$ 3,312
Restricted	40,393
Unrestricted	<u>23,009</u>
Total Net Assets	<u>\$ 66,714</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$7,196 for the governmental activities. This represents an increase of approximately 46%.

	Governmental <u>Activities</u> <u>2005</u>
Program Revenues	
Charges for Services	\$ 9,095
General Revenues	
Contributions from Local Units	17,083
Investment Earnings	<u>370</u>
Total Revenues	26,548
Program Expenses	
Public Safety	<u>18,365</u>
Total Expenses	<u>18,365</u>
Change in Net Assets	<u>\$ 8,183</u>

Management's Discussion and Analysis (Continued)

The Cemetery's total net assets continue to remain healthy. The total revenues dropped slightly, however, expenses also decreased. As a result, net assets grew by \$8,183.

Governmental Activities

The Cemetery's total governmental revenues decreased by approximately \$1,000, primarily due to larger lot sales in the prior year.

Expenses decreased by about \$20,000 during the year. This was primarily the result of building repairs in the prior year.

Business-Type Activities

The Cemetery had no business-type activities.

The Cemetery's Fund

Our analysis of the Cemetery's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Cemetery as a whole. The Cemetery Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Cemetery's major funds for 2005 include the General Fund and the Perpetual Care Fund.

The General Fund pays for most of the Cemetery's governmental services. About 75% of the General Fund expenditures are made up of wages and payroll taxes, amounting to \$13,143.

General Fund Budgetary Highlights

Over the course of the year, the Cemetery Board did not find it necessary to amend the budget to take into account events during the year. The Board did not over-expend on any activities by a material amount.

Capital Asset and Debt Administration

At the end of 2005, the Cemetery had \$13,620 invested in capital assets, made up of significantly equipment. Also, the Cemetery has no long-term debt as of March 31, 2005.

Economic Factors and Next Year's Budgets and Rates

The Cemetery's budget for 2005 calls for a small increase in contributions from local units due to the limited allowed property value increases (the lesser of inflation or 5%). The Cemetery receives an amount equal to a special millage at the Township of Everett. The Township of Big Prairie provides an amount equal to this payment from the general fund. The Cemetery Board budget projects a 15% increase in revenues. The budget for expenditures increased by 25%, however, this includes a 514% increase in the contingency balance in the expenditure budget.

Contacting the Cemetery's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Cemetery's finances and to show the Cemetery's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office of either Big Prairie or Everett Township.

BIG PRAIRIE/EVERETT CEMETERY

Government Wide Statement of Net Assets March 31, 2005

Assets	
Cash - Checking	\$ 10,957
- Savings	13,750
- Certificates of Deposit	26,643
Due from Big Prairie Township	3,021
Due from Everett Township	9,976
Property and Equipment	13,620
Accumulated Depreciation	<u>(10,308)</u>
Total Assets	67,659
Liabilities	
Accrued Payroll Taxes	<u>945</u>
Total Liabilities	<u>945</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,312
Restricted for Perpetual Care	40,393
Unrestricted	<u>23,009</u>
Total Net Assets	<u><u>\$ 66,714</u></u>

The Notes to the Financial Statements are an integral part of these statements.

BIG PRAIRIE/EVERETT CEMETERY

Government Wide Statement of Activities For the Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue And Changes in Net Assets Governmental Activities</u>
Primary Government			
Public Safety	\$ 18,365	\$ 9,095	\$ (9,270)
Total Primary Government	<u>\$ 18,365</u>	<u>\$ 9,095</u>	<u>\$ (9,270)</u>
General Revenues			
Contributions from Local Units			17,083
Interest Income			<u>370</u>
Total General Revenues			<u>17,453</u>
Change in Net Assets			8,183
Net Assets - April 1, 2004			<u>58,531</u>
Net Assets - March 31, 2005			<u>\$ 66,714</u>

The Notes to the Financial Statements are an integral part of this statement.
BIG PRAIRIE/EVERETT CEMETERY

Governmental Fund Balance Sheet
March 31, 2005

	General <u>Fund</u>	Perpetual Care <u>Fund</u>	Total Governmental <u>Funds</u>
Assets			
Cash - Checking	\$ 10,957	\$ -	\$ 10,957
- Savings	-	13,750	13,750
- Certificates of Deposit	-	26,643	26,643
Due from Big Prairie Township	3,021	-	3,021
Due from Everett Township	<u>9,976</u>	<u>-</u>	<u>9,976</u>
Total Assets	<u>\$ 23,954</u>	<u>\$ 40,393</u>	<u>\$ 64,347</u>
Liabilities			
Accrued Payroll Taxes	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ 945</u>
Total Liabilities	945	-	945
Fund Balances			
Restricted	-	34,957	34,957
Unrestricted	<u>23,009</u>	<u>-</u>	<u>40,393</u>
Total Fund Balances	<u>23,009</u>	<u>34,957</u>	<u>63,402</u>
Total Liabilities and Fund Equity	<u>\$ 64,989</u>	<u>\$ 34,957</u>	<u>\$ 64,347</u>

The Notes to the Financial Statements are an integral part of these statements.

BIG PRAIRIE/EVERETT CEMETERY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2005

Total Governmental Fund Balances	\$ 63,402
----------------------------------	-----------

Total net assets reported in governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Assets	13,620
Governmental Accumulated Depreciation	<u>(10,308)</u>
Total Net Assets - Governmental Activities	<u>\$ 66,714</u>

The Notes to the Financial Statements are an integral part of these statements.

BIG PRAIRIE/EVERETT CEMETERY

Governmental Fund Statements of Revenues, Expenditures and Changes in Fund Balance For the Year Ended March 31, 2005

	General <u>Fund</u>	Perpetual Care <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues			
Contributions from Local Units	\$ 17,083	\$ -	\$ 17,083
Charges for Services	7,620	1,475	9,095
Interest	<u>16</u>	<u>354</u>	<u>370</u>
Total Revenues	24,719	1,829	26,548
Expenditures			
Public Safety	<u>17,523</u>	<u>-</u>	<u>17,523</u>
Total Expenditures	<u>17,523</u>	<u>-</u>	<u>17,523</u>
Excess Revenues (Expenditures)	7,196	1,829	9,025
Fund Balances - April 1	<u>15,813</u>	<u>38,564</u>	<u>54,377</u>
Fund Balances - March 31	<u><u>\$ 23,009</u></u>	<u><u>\$ 40,393</u></u>	<u><u>\$ 63,402</u></u>

The Notes to the Financial Statements are an integral part of this statement.

BIG PRAIRIE/EVERETT CEMETERY

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ 9,025
--	----------

Amounts reported for governmental activities in the statement
of activities are different because:

The acquisition of capital assets are reported in the governmental
funds as expenditures. However, for governmental activities those
costs are shown in the statement of net assets and allocated over
their estimated useful lives as annual depreciation expenses in the
statement of activities:

Capital outlay reported in governmental fund statements	-
Capital outlay reported as expenses in statement of activities	-
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) assets.	-
Depreciation expense reported in the statement of activities	<u>(842)</u>

Changes in Net Assets - Governmental Activities	<u><u>\$ 8,183</u></u>
---	------------------------

The Notes to the Financial Statements are an integral part of this statement.

BIG PRAIRIE/EVERETT CEMETERY

Notes to the Financial Statements
March 31, 2005

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Big Prairie/Everett Cemetery conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Big Prairie/Everett Cemetery:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- § A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Cemetery’s overall financial position and results of operation.
- § Financial statements prepared using full accrual accounting for all of the Cemetery’s activities.
- § A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

A. Reporting Entity

The Big Prairie/Everett Cemetery is a joint venture between Big Prairie Township and Everett Township. The board is appointed by the two township boards and the property on which the cemetery exists is held by the two townships. The Cemetery operations are funded by charges for services and financial support from Everett and Big Prairie Townships. Everett Township collects a portion of a millage to support the Cemetery, which is remitted annually to the Cemetery. Big Prairie Township supports the Cemetery from the General Fund with amount equal to the amount remitted by Everett Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Notes to the Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Perpetual Care Fund is to account for money held by the Township for the perpetual care of cemetery lots. The interest earned on investments may be used for upkeep while the corpus is non-expendable.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3)

Notes to the Financial Statements (Continued)

capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”.

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

Restricted Assets - Cash in the Perpetual Care Fund is restricted. The corpus can not be spent, however income earned from the restricted cash may be used to maintain the cemetery.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property and equipment is depreciated using the straight-line method over the following useful lives: General Equipment from 5 to 15 years. No salvage value is being estimated by the Cemetery.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The Cemetery has no long-term debt outstanding.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Cemetery approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

Notes to the Financial Statements (Continued)

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Cemetery does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur any expenditures in budgeted funds which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Cemetery to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Cemetery is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Cemetery Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

The Cemetery's deposits and investment policy are in accordance with statutory authority.

At year-end, the Cemetery's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 51,350

The bank balance of the Cemetery's deposits is \$51,843 which is covered by federal depository insurance (FDIC).

Depositories actively used by the Cemetery during the year are detailed as follows:

1. Valley Ridge Bank
2. Independent Bank-West

Notes to the Financial Statements (Continued)

NOTE D RECEIVABLES

Receivables as of year-end for the Cemetery's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General <u>Fund</u>	Perpetual Care <u>Fund</u>	<u>Total</u>
Due from Other Governmental Units	\$ 10,117	\$ -	\$ 10,117

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities				
Capital Assets Being Depreciated				
General Equipment	\$ 13,620	\$ -	\$ -	\$ 13,620
Less Accumulated Depreciation for				
General Equipment	<u>9,466</u>	<u>842</u>	<u>-</u>	<u>10,308</u>
Total Governmental Activities Capital				
Capital Assets - Net of Depreciation	<u>\$ 3,312</u>	<u>\$ 842</u>	<u>\$ -</u>	<u>\$ 13,312</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Public Safety	<u>\$ 842</u>

NOTE F RESTRICTED FUND BALANCE

The restricted fund balance is the amount of perpetual care funds held as of March 31, 2005.

NOTE G RISK MANAGEMENT

The Cemetery Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Cemetery Board carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

BIG PRAIRIE/EVERETT CEMETERY

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 15,191	\$ 15,191	\$ 15,813	\$ 622
Resources (Inflows)				
Contributions from Local Units-Big Prairie	7,400	7,400	8,542	1,142
Contributions from Local Units-Everett	7,400	7,400	8,541	1,141
Lot Sales	2,000	2,000	1,475	(525)
Openings & Closings	3,000	3,000	6,145	3,145
Interest	<u>50</u>	<u>50</u>	<u>16</u>	<u>(34)</u>
Amounts Available for Appropriation	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 24,719</u>	<u>\$ 4,719</u>
Changes to Appropriations (Outflows)				
Wages	\$ 16,200	\$ 16,200	\$ 12,209	\$ 3,991
Payroll Taxes	1,200	1,200	934	266
Office and Operating Supplies	1,900	1,900	503	1,397
Professional Services	500	500	25	475
Printing and Publishing	150	150	58	92
Insurance	3,700	3,700	1,934	1,766
Utilities	1,050	1,050	759	291
Repairs & Maintenance	2,000	2,000	237	1,763
Equipment	1,000	1,000	-	1,000
Capital Improvement	5,000	5,000	-	5,000
Contingency	1,816	1,816	-	1,816
Other	<u>575</u>	<u>575</u>	<u>865</u>	<u>(290)</u>
Total Charges to Appropriations	35,091	35,091	17,524	17,507
Budgetary Fund Balance - March 31, 2005	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 23,009</u>	<u>\$ 20,027</u>

BIG PRAIRIE/EVERETT CEMETERY

Required Supplementary Information Budgetary Comparison Schedule for the Perpetual Care Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ -	\$ 38,564	\$ 38,564
Resources (Inflows)				
Lot Sales	-	-	1,475	1,475
Interest	<u>-</u>	<u>-</u>	<u>354</u>	<u>354</u>
Amounts Available for Appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,393</u>	<u>\$ 40,393</u>
Changes to Appropriations (Outflows)				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary Fund Balance - March 31, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,393</u>	<u>\$ 40,393</u>

H&S Companies



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



September 12, 2005

Cemetery Board
Big Prairie Everett Cemetery
Newaygo County, Michigan

Dear Board Members:

We have recently completed an audit of the financial statements of Big Prairie Everett Cemetery as of and for the year ended March 31, 2005. In connection with our audit, we reviewed the Cemetery's accounting procedures. In that regard we offer the following comments and recommendations.

BOOKS AND RECORDS

We would like to commend the clerk and treasurer for the condition of the books and records. Records of the clerk and treasurer were properly posted and balanced.

PAYROLL TAX FILINGS

Previously, we noted that the amounts recorded to the salary accounts in the general ledger were not equal to the amounts filed on the Form 941's for the fiscal year. We were able to reconcile the amounts in the general ledger accounts with a small adjustment for the payroll taxes withheld from the wages. We want to commend the Clerk for changing the method of reporting the wages in the general ledger.

BUDGETING

We are also happy to report that the Cemetery budget has made a significant step toward the proper reporting requirements of the Michigan Public Act 621 of 1978, as amended, Section 15. The budgets for the 2004-2005 fiscal year appropriately reported both revenues and expenditures for the proposed budget (2004-2005) and the actual amounts for 2003-2004. The only change we recommend, to be in compliance with the Michigan Act, is to add another column for revenue and expenditures for one year prior to the actual amounts reported (for the 2004-2005 budget, this would have been actual amounts for 2002-2003).

INVESTMENT POLICY

As a separate organization, the Cemetery is required to meet all the same requirements as any other local governmental unit (such as a township). The State requires that each unit adopts an investment policy. We are attaching a copy of a sample policy which may be changed and adopted for your organization.

ACCOUNTING SOFTWARE

We noted that the information provided with your accounting software reflects the first month in the fiscal year as March. This should be April. We recommend that the software program be changed to reflect the appropriate fiscal year.

We appreciate the courtesy extended to us during the course of the audit including the prompt attention to our inquiries. If you have any question regarding that above matters, please let me know.

Respectfully submitted,

Jodi DeKuiper, CPA
Hendon & Slate, P.C.

Fremont

711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon

950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart

2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall

116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

www.hscompanies.com



The CPA. Never Underestimate The Value.®